

RECORDATION NO. 25266-B FILED

ALVORD AND ALVORD
ATTORNEYS AT LAW
1050 SEVENTEENTH STREET, N.W.
SUITE 301
WASHINGTON, D.C.

MAY 11 '05 4:40 PM

SURFACE TRANSPORTATION BOARD

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

20036

OF COUNSEL
URBAN A. LESTER

(202) 393-2266

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May 11, 2005

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Partial Termination of Security Interest, dated as of May 11, 2005, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage previously filed with the Board under Recordation Number 25266.

The names and addresses of the parties to the enclosed document are:

Secured Party: Bayerische Hypo-Und Vereinsbank AG, Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 Munich
Germany

[Debtor: Babcock & Brown Rail Funding LLC
1 Dag Hammarskjold Plaza
885 Second Avenue
49th Floor
New York, NY 10017]

Mr. Vernon A. Williams
May 11, 2005
Page Two

A description of the railroad equipment covered by the enclosed document is:

240 coal cars within the series COMX 9001 – COMX 9245

A short summary of the document to appear in the index is:

Partial Termination of Security Interest

Also enclosed is a check in the amount of \$32.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alvord', with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/anm
Enclosures

PARTIAL TERMINATION OF SECURITY INTEREST

THIS PARTIAL TERMINATION OF SECURITY INTEREST (this "**Partial Termination**") is made this 11th day of May, 2005 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "**Borrower**") and **BAYERISCHE HYPO- UND VEREINSBANK AG**, as agent (the "**Agent**") for the banks under the Amended and Restated Security Agreement dated as of October 18, 2002 (as amended, supplemented or otherwise modified through the date hereof, including, without limitation, as supplemented by Security Agreement Supplement No. 15 dated October 29, 2004 ("**Security Agreement Supplement No. 15**"), the "**Security Agreement**"). Capitalized terms used in this Partial Termination and not otherwise defined herein shall have the meanings (by cross-reference or otherwise) in the Security Agreement.

WHEREAS, the Security Agreement created a lien and security interest in favor of the Agent in and to the Units and the Qualifying Leases (each as defined in the Security Agreement);

WHEREAS, the Borrower and the Agent are parties to that certain Memorandum of Mortgage, dated as of October 29, 2004, a copy of which was duly filed with the Surface Transportation Board (the "**STB**") on October 29, 2004 at 11:57 a.m. EST under Recordation Number 25266 (the "**Memorandum of Mortgage**"); and

WHEREAS, the Borrower and the Agent now desire to terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under certain property described in Schedule I to Security Agreement Supplement No. 15, and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, and to record such partial termination and cancellation with the STB.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Agent, intending to be legally bound, agree as follows:

1. The Borrower and the Agent hereby terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under certain property described in Schedule I to Security Agreement Supplement No. 15 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, effective as of the date this Partial Termination is filed with the STB (the "**Effective Date**"), and the Borrower and the Agent hereby agree that no rights, duties or liabilities under the Security Agreement in relation to such certain property described in Schedule I to Security Agreement Supplement No. 15 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, shall survive such partial termination and cancellation of the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under such certain property described in Schedule I to Security Agreement Supplement No. 15 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, except with respect to acts, events, or omissions under the Security Agreement occurring on or prior to the Effective Date and indemnities with respect to such acts, events or omissions.

2. The Borrower and the Agent agree to record this Partial Termination with the STB so as to release any security interest in and mortgage lien upon certain property described in

Schedule I to Security Agreement Supplement No. 15 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, created by or arising out of the Security Agreement.

3. The Borrower and the Agent agree and reaffirm that the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 15 and Exhibits A and B to the Memorandum of Mortgage that is not specified in Exhibit I hereto shall remain in full force and effect and shall not be released, terminated or canceled by this Partial Termination.

4. This Partial Termination may be executed in any number of counterparts, each executed counterpart constituting an original but all together constituting only one and the same agreement.


5. This Partial Termination shall be governed by and construed in accordance with the laws of the State of New York and is being delivered in the State of New York.

* * *

[Partial Termination of Security Interest]

IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Partial Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By: 
Name: Victoria McManus
Title: President

**BAYERISCHE HYPO- UND
VEREINSBANK AG**, not in its individual
capacity except as expressly provided herein,
but solely as Agent

By: _____
Name:
Title:

By: _____
Name:
Title:


[Partial Termination of Security Interest]

STATE OF NEW YORK)

) SS:

COUNTY OF NEW YORK)

On this 14th day of May, 2005, before me personally appeared Victoria McManus, to me personally known, who, being by me duly sworn, says that she is President of Babcock & Brown Rail Funding LLC and that the foregoing Partial Termination of Security Interest was signed on behalf of said corporation. Further, she acknowledged that the execution of the foregoing Partial Termination of Security Interest was the free act and deed of said corporation.


Notary Public

(NOTARIAL SEAL)

My Commission Expires:

KAREN A. HOULIHAN
Notary Public, State of New York
No. 01HO6051904
Qualified in New York County
Commission Expires December 4, 2007 6


[Partial Termination of Security Interest]

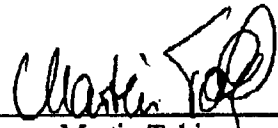
IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Partial Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By: _____
Name:
Title:

**BAYERISCHE HYPO- UND
VEREINSBANK AG**, not in its individual
capacity except as expressly provided herein,
but solely as Agent

By:  _____
Name: Stefan Nigg
Title: Managing Director

By:  _____
Name: Martin Tobies
Title: Vice President

STATE OF NEW YORK)

) SS:

COUNTY OF NEW YORK)

Subscribed to me on this 11th day of May, 2005 by Stefan Niggel, Managing Director of Bayerische Hypo- und Vereinsbank AG and Martin Tobies, Vice President of Bayerische Hypo- und Vereinsbank AG.

Nelson A. Ferreira
Notary Public

(NOTARIAL SEAL)

My Commission Expires:

December 8, 2007

NEILSON A. FERREIRA
Notary Public, State of New York
Registration #02FE6102354
Qualified in New York County
My Commission Expires Dec. 8, 2007

**Exhibit I to
Partial Termination of Security Interest**

EQUIPMENT

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	240	1995	4074 CF rotary Aluminum Rapid Discharge IV coal cars, 286,000 GRL, AAR Car Type Code K341, 286,000 GRL, manufactured by Trinity Industries, Inc.	COMX 9001-9245, inclusive	COMX 9062, 9108, 9199, 9209 and 9222

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

1. Lease Agreement No. 1519-01 dated May 22, 1998, by and between NBB North America Co., Ltd. (as successor to General Electric Railcar Services Corporation) and Exelon Generation Company, LLC (as assignee of Commonwealth Edison Company).
2. Rider No. 1 forming part of Lease Agreement No. 1519-01 dated April 25, 1995, by and between NBB North America Co., Ltd. (as successor to General Electric Railcar Services Corporation) and Exelon Generation Company, LLC (as assignee of Commonwealth Edison Company).
3. Consent to Assignment and Assumption by NBB North America Co., Ltd. and Confirmation of Assumption by Exelon Generation Company, LLC dated October 30, 2001.
4. Bill of Sale dated June 26, 2000, from General Electric Railcar Services Corporation to NBB North America Co., Ltd.
5. Bill of Sale dated October 29, 2004 from NBB North America Co., Ltd. to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
6. Purchase Agreement [NBB/BBRF] dated as of October 29, 2004, between NBB North America Co., Ltd. and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
7. Assignment and Assumption Agreement, dated as of October 29, 2004, between NBB North America Co., Ltd. and Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
8. Notice and Acknowledgment dated November 22, 2004, made by NBB North America Co., Ltd. and Babcock & Brown Rail Funding LLC to Exelon Generation Company, LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
9. Notice Pursuant to Notice and Acknowledgment dated November 24, 2004, made by Babcock & Brown Rail Funding LLC and NBB North America Co., Ltd. to Exelon Generation Company, LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.
10. Side Letter dated October 29, 2004 from Babcock & Brown Rail Funding LLC addressed to NBB North America Co., Ltd., in respect of the original equipment cost for the Equipment described under the caption "Lease # 1" in Exhibit A hereto.

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Borrower now has rights therein or such rights shall hereafter be acquired by it.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

5/11/05



Robert W. Alvord